(b) if so, the details thereof;

(c) whether it is also a fact that Government is preparing a Rs.4,000 crores plan;

(d) if so, the details thereof;

(e) whether Government is also planning to extend some concessions to families whose annual income is Rs. 2.5 lakhs and whose wards are pursuing professional education; and

(f) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (f) A proposal to provide interest subsidy on loans taken under the existing Model Education Loan Scheme circulated by Indian Banks' Association (IBA) is under consideration of the Government of India. The details of the scheme are yet to be finalised.

Mode of payment of Bills

523. DR. ABHISHEK MANU SINGHVI: Will the Minister of FINANCE be pleased to state:

(a) whether Government is considering a proposal wherein an individual may pay all his bills *e.g.* mobile, electricity, credit card etc. on a particular day of the month because as of now an individual pays bills of some kind or the other all through the month and thus there is no saving at all; and

(b) if so, whether it would be made mandatory for all service providers to get all bills on a particular date in a month?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir.

(c) Does not arise.

Pending cases for Income Tax 35AC exemptions

524. DR. V. MAITREYAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that many cases of Income Tax 35AC exemptions are pending in the Department of Revenue for more than six months;

(b) if so, how many such cases are pending in the department as on December, 2007;

(c) the reasons for the delay in clearance of the cases;

(d) the steps being taken to clear the backlog in the department;

(e) whether it is also a fact that it takes more than six to ten months before the approval is accorded for the Income Tax 35AC exemptions in the department; and

(f) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Applications for purposes of section 35AC of the Income Tax Act, 1961, pending for more than six months as on 31.12.2007, number 538 regarding new cases and 76 regarding extension cases.

(c) to (f) Deficiency letters are issued in cases where the required particulars and relevant documents are not furnished. Response to deficiency letters was awaited in 395 new cases and 26 extension cases out of the pending cases as on 31.12.2007 mentioned above. Delay in

clearance of cases is, *inter-alia*, on account of time taken by the applicants for removal of deficiencies. Further the term of the National Committee constituted for the purposes of section 35AC of the Income Tax Act, 1961 expired in November, 2007. The reconstituted Committee is scheduled to meet in April, 2008 to consider the pending applications which contain the required particulars and documents.

Recovery of outstanding loans by PSU Banks

525. DR. V. MAITREYAN: Will the Minister of FINANCE be pleased to state:

(a) the total outstanding loans under various categories which are due for more than three years in various Public Sector Banks;

(b) the reasons for the huge outstanding;

(c) the steps being taken to recover these loans;

(d) whether it is a fact that many banks are writing off these loans as bad debts causing huge losses to the banks *vis-a-vis* their performances; and

(e) if so, the reasons for writing off these loans?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) As on 31.03.2007, public sector banks (PSBs) had gross Non-performing Assets (NPAs) amounting to Rs. 38,974 crore, out of which Rs. 14,275 crore were in Sub-standard Assets Category, Rs. 19,873 crore in Doubtful Assets Category and Rs. 4,826 crore in Loss Assets Category. In percentage terms, these constituted 2.7% (gross NPAs), 1.0% (Sub-standard Assets), 1.4% (Doubtful Assets) and 0.3% (Loss Assets) of the total advances of these banks.

(b) and (c) The factors responsible for NPAs, *inter-alia*, include diversion of funds by the borrower and wilful default in repayment, deficiency in credit appraisal and supervision, inefficient management of the unit financed, poor follow up and monitoring, unviability or sickness of the unit due to change in technology demand pattern and other policy etc.m non-completion of project due to cost and time overruns and other factors, such as non-availability of raw materials etc., labour problems, natural calamities, delay in disposal by courts of suits filed by banks, etc. However, the banks monitor their loan accounts at various levels and take appropriate corrective action, on an ongoing basis, to arrest slippages to NPA category.

Reserve Bank of India (RBI) and the Government of India have taken various steps to improve asset quality of the banks which, *inter-alia*, include prescribing prudential norms for provisioning and classification of non-performing assets, guidelines for prevention of slippages, introduction of Corporate Debt Restructuring mechanism, One Time Settlement schemes, enactment of (i) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, (ii) the Credit Information Companies (Regulation) Act, 2005, and (iii) the Recovery of Debts due to Banks and Financial Institutions (DRT) Act, 1993, etc. Due to concerted efforts, the net NPAs of the PSBs have reduced from 4.5% of Net Advances as on 31st March, 2003 to 1.1% as on 31st March, 2007.

(d) and (e) The banks write-off NPAs for several reasons *viz.* to cleanse their balance sheets through prudential write-offs, to improve asset quality and to get rid of unrealisable portion of their bad loans in accordance with their Board approved policies and RBI guidelines.